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Project 2025 Calls for Big Changes to Medicare, Medicaid

The nearly 900-page conservative policy platform proposes major overhauls for a wide range of government programs and agencies.

Published Jul 25, 2024 6:56 a.m. PDT

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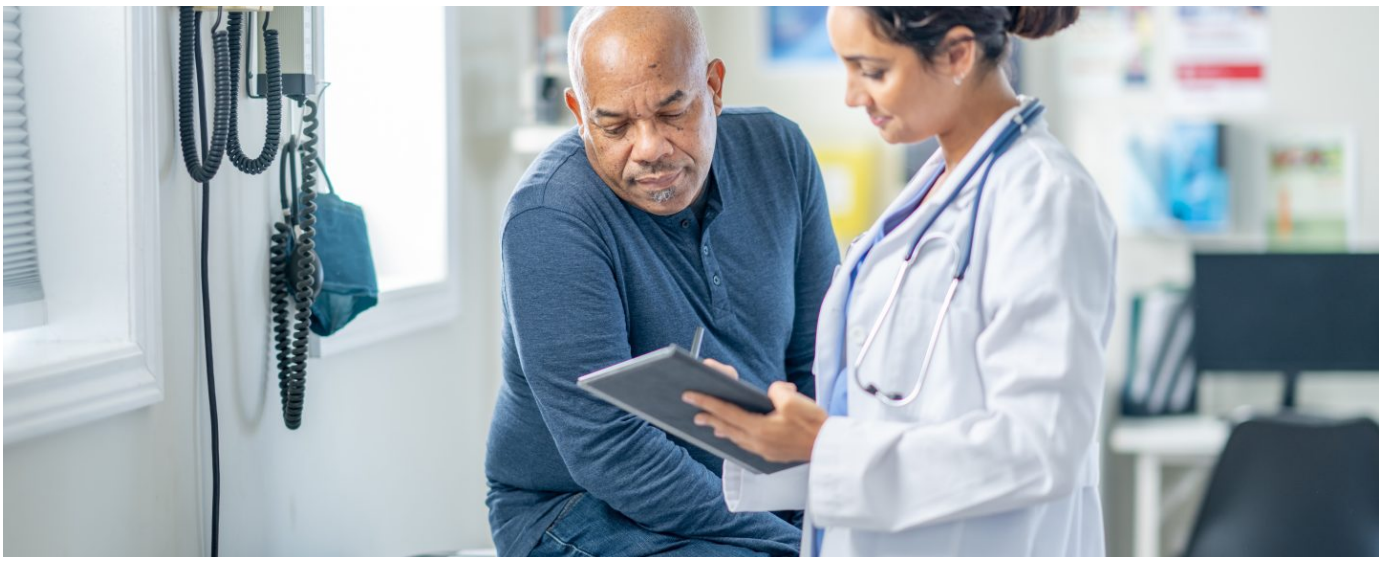

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As the 2024 presidential campaign continues to heat up, policy wonks and voters alike are paying more attention to Project 2025, a proposed conservative blueprint for remaking many aspects of government — including Medicare and Medicaid.

The roughly 900-page proposal was published more than a year ago by the conservative think tank The Heritage Foundation, alongside a coalition of conservative groups and more than 400 individual contributors. It details a sort of administration-in-waiting should former President Donald Trump, the Republican nominee, win the 2024 election. Included in the proposals are pre-vetted candidates for administrative staff positions, guidelines on restructuring government agencies, bills to propose, and laws and executive orders to strike down.

Publicly, Trump has distanced himself from Project 2025, saying on his Truth Social platform that he has "no idea who is behind it." But a CNN review of Project's 2025 authors and coalition groups found that at least 140 people who worked in the Trump administration contributed to the report.

Project 2025 contains several proposed changes to Medicare and Medicaid, framing the programs as being largely responsible for the United States' annual budget deficit, which currently stands at $1.27 trillion for 2024.

"In essence, our deficit problem is a Medicare and Medicaid problem," the Project 2025 proposal states.

In summarizing its broader vision for reforming the U.S. Department of Health and Human Services, Project 2025 proposes broad health care reforms that are "market-based" and "empower individuals to control their health care–related dollars and decisions."

What Project 2025 says about Medicaid

Medicaid is a free or low-cost national public health insurance program designed to

Medicaid is a free or low-cost national public health insurance program designed to provide coverage to eligible low-income adults, pregnant women, children, older adults and people with disabilities. As of March 2024, more than 82 million Americans were enrolled in Medicaid.

Project 2025 calls for Medicaid's federal funding to be converted from its current model — the federal government paying a fixed percentage of states' Medicare costs — to a model in which the federal government pays a block grant (or fixed amount) to each state, regardless of their specific costs.

Block grants have been floated several times over the years. Such proposals are typically "designed to fail to keep pace with expected enrollment and/or health care cost growth in order to deeply cut federal Medicaid spending over time, relative to current law," according to a report on Project 2025 from Georgetown University's McCourt School of Public Policy.

In 2017, a Medicaid block grant plan proposed by Republicans would have slashed Medicaid's federal funding by more than 25% over 10 years and 30% over 20 years, according to a Congressional Budget Office projection.

For those receiving Medicaid benefits, Project 2025 also proposes coverage with "time limits" or "lifetime caps" to "disincentivize permanent dependence" on those benefits. And while the proposal is vague on details, it suggests that the incoming administration eliminate Medicaid protections and reform mandatory versus optional Medicaid benefits. Some of the benefits that Medicaid is currently required to cover are X-ray services, rural health clinic visits, nursing home care and early prevention and diagnostic screenings.

Project 2025 also proposes adding a work requirement, "similar to what is required in other welfare programs," as well as raising premiums for higher-income beneficiaries. Eligibility should be redesigned, too, the plan reads, "to serve the most vulnerable and truly needy and eliminate middle-income to upper-income Medicaid recipients."

One recent attempt to impose a Medicaid work requirement led to thousands of beneficiaries losing coverage. Arkansas added a Medicaid work requirement in 2018 and removed it in 2019. During the nine-month period the requirement was active, roughly 18,000 enrollees lost coverage, according to The Commonwealth Fund, a health care policy think tank.

The Center for American Progress, a progressive think tank, said lifetime caps on Medicaid benefits could cause "devastating coverage losses." Specifically, the approximately 18.5 million beneficiaries who qualify for Medicaid based on income alone — around 20% of those receiving Medicaid — would be particularly at risk of

losing their coverage.

What Project 2025 says about Medicare

Medicare is the federal government health insurance program for people age 65 and older and younger people living with certain illnesses or disabilities. More than 67 million Americans are currently enrolled.

As for Medicare, Project 2025 proposes making Medicare Advantage, the bundled alternative to Original Medicare, the default enrollment plan for Medicare beneficiaries. Medicare Advantage is offered by private insurers with federal government contracts to individuals who qualify for Medicare. It functions similarly to health insurance plans offered by private employers, in which policyholders have a set network of providers they can visit. About half of Medicare recipients are currently enrolled in Medicare Advantage plans.

While Medicare Advantage adoption rates have risen, Original Medicare remains a more flexible choice for many recipients. Unlike Original Medicare, which can be used to visit the roughly 90% of doctors in the U.S. who accept Medicare, Medicare Advantage plans have provider networks. Medicare Advantage plans can also require prior authorization for certain coverage, meaning that the plan can approve or deny certain services. Original Medicare plans don't have any prior authorization requirements.

Medicare Advantage plans are built on contracts between the federal government and private insurance companies, in which the federal government gives money to the insurance company to "manage" patient care. Because insurance companies charge the federal government for patient care, Medicare Advantage winds up costing the government and taxpayers more than Original Medicare.

One report, based on 2022 spending, estimates that private insurance companies overcharge the federal government by as much as $140 billion annually, through Medicare Advantage plans. That report was conducted by Physicians for a National Health Program, an advocacy organization of U.S. physicians who support universal health care.

Original Medicare vs. Medicare Advantage: Cost

Your overall costs for Original Medicare or Medicare Advantage depend on how often you seek medical care and whether you have (or can purchase) a Medigap plan.

For individuals with a chronic health condition or who seek regular health care, Original Medicare with a Medicare Supplement Insurance plan (aka Medigap) is

Original Medicare with a Medicare Supplement Insurance plan (aka Medigap) is typically the recommended option.

Cost	Original Medicare	Medicare Advantage
Monthly base costs	Part A premium: Typically $0. Part B premium: Starts at $174.70 per month in 2024. Part D premium: Varies by plan; average is $34.50 in 2024 for basic coverage.	Part A premium: Typically $0. Part B premium: Starts at $174.70 per month in 2024. Premium for the Medicare Advantage plan: Varies by plan, may be $0. Part D coverage is usually included in the plan.
If you seek medical care	You'll be responsible for deductibles and coinsurance for Medicare Part A and Part B.	You'll be responsible for deductibles, copays and coinsurance as described by the plan.
Optional	You can buy a Medigap plan that will cover certain Part A and Part B out-of-pocket costs. Average cost: Varies by plan.	
Out-of-pocket max	There's no out-of-pocket max for Original Medicare. However, if you have a Medigap plan, you'll be covered for certain out-of-pocket expenses.	Up to $8,850 in 2024.

Project 2025 proposes several reforms to "strengthen and improve" the Medicare Advantage program, though details are sparse beyond the broader directives. The proposal states that reforms should be done that would give Medicare Advantage beneficiaries "direct control of how they spend Medicare dollars," and remove "restrictions" on "key benefits and services, including those related to prescription drugs, hospice care, and medical savings account plans."

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